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ment control." On the other hand he is not disposed to account for present railway ills on the ground of over-regulation as has been the fashion during the last few years. An opportunity to encourage the attack on regulation was open in treating of the course of prices of railway securities (ch. 5); but he has found the causes for the decline of railway bonds in the practices of the railways themselves and in underlying economic forces, chief of which he holds is the fall in the value of money.

Whether one agrees with his main conclusions or not, one is bound to recognize the fact that Professor Ripley has set a new standard for the treatment of the railway question. The book is well made up. There is a good index, the appendix contains matter of interest, though more in the nature of footnotes than of appendixes, and the footnotes themselves and citations are copious and serviceable in spite of the frequent irritating omission of the authorship of the articles cited.

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Nationalization of Railways in Japan. By TOSHIHARU WATARAI.

Columbia University Studies in History, Economics and
Public Law, Vol. LXIII, No. 2. (New York: Longmans,
Green and Company. 1915. Pp. 156. \$1.25.)

In spite of his previous association with the work of the Imperial Board of Railways, Dr. Watarai finds himself dissatisfied with the results of the policy of nationalization adopted by Japan in 1906. Not that he is opposed to the principle of government ownership of railways. Rather he would approve if the state railways could be administered from the standpoint of public interests instead of from that of profitableness, but the status of the national finances of Japan makes this impracticable. He is forced, therefore, to the conclusion that there is no good reason for the maintenance of the policy of nationalization in his country.

Actually, the results of nationalization have been, on the whole, disappointing. The new policy was inaugurated under very promising conditions. The price paid for the purchased railways was high but not to such an extent that any difficulty was experienced in meeting interest obligations upon the 5 per cent state securities given in exchange for the properties. No attempt was made to take over the subsidiary and financially

less promising lines. The substitution of a single control for many diversified managements seemed to promise opportunity for considerable economies and fat surpluses were confidently looked forward to. The state had had experience in managing railways ever since their introduction in 1872, a network covering more than 1500 miles by the date of the nationalization law. Private railway construction had not begun until 1883. Three years after the institution of the policy of 1906, Parliament passed a law to secure fiscal autonomy to the state railway department.

What has been achieved so far? The state railways have been able to earn their 5 or 6 per cent, it is true, but the "fat" surpluses that were to provide for the continuous expansion of the railway system have been noticeable for their leanness. Fiscal autonomy has proved to be delusive, as the state railroad department is still left dependent on the general condition of the national treasury for funds to finance additions and improvements, and this branch of the government has not shown any alacrity in securing funds for purposes likely to be unproductive of revenue—on account of the large mileage of subsidiary lines required. In fact, the expansion of the railway network goes on at a slower rate than it did before nationalization. Nor has adequate improvement in traffic policy been achieved; archaisms and inconsistencies still survive. The anticipated betterment of the status of railway employees has failed to mature in any substantial way. The private lines, in spite of their limited sphere of operation, are earning 9 per cent as against the 6 per cent secured by the state, an interesting fact which Dr. Watarai explains as due to the policy of such lines in defraying capital expenses out of earnings, while, on the other hand, the state lines have failed to amortize their capital. But one would naturally inquire here as to the circumstances that have permitted so far-sighted a policy on the part of the private companies: unfortunately, the author leaves us without any clue.

The underlying reason for the adoption of the nationalization policy of 1906 was a military one, and, for the same reason largely, Dr. Watarai would retain the existing state system in the hands of the government; in any case, to lease or sell them would have a detrimental effect upon the public interests, as well as upon the national finances—a statement that the author ought to support by chapter and verse. Future railway expansion he would leave to private companies.

In general review, it may be said that the author shows an evident desire to be fair in his discussion and he makes a number of telling points, but the thesis as a whole suffers from a somewhat loose arrangement of material as well as, perhaps, from a certain scantiness of data. Its greatest strength lies in its historical and descriptive parts; its greatest weakness in its discussion of policy and theory. The failure to bring into more effective relief the results of private operation, before and after 1906, as contrasted with those secured by the state administration must be regretted. However, it has to be remembered that considerable difficulty attaches to the preparation of a thesis of this kind so far away from the main sources of information.

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